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SIPDIS

DEPARTMENT FOR ISN/CATR, EUR, PM/DDTC AND NEA
ISN/CATR FOR MARGARET MITCHELL

E.O. 12958: DECL: 06/12/2033

TAGS: [ETTC](#) [MASS](#) [PREL](#)

SUBJECT: (S) POSSIBLE EXPORT OF ITALIAN HELICOPTER PARTS TO
IRAN

REF: A. SECSTATE 61421

[1](#)B. ROME 744

[1](#)C. ROME 697

[1](#)D. ROME 683

Classified By: Econ M/C Thomas Delare for reasons
1.4 (b) and (d)

[1](#)1. (S) Summary. Italian authorities deny that controlled helicopter parts may have been shipped from Italy to Iran, but weaknesses in Italy's export control regime make their denials unconvincing. Post recommends resumption of U.S.-Italy export control consultations. End summary.

[1](#)2. (S) On June 11, Econoff delivered Ref A non-paper to Roberto Liotto, the Italian MFA official responsible for Italian export control regulations. Liotto began his response by noting that we were "knocking on the wrong door," because Maya Overseas is a Swiss company. Responding to Econoff's observation that the export in question was carried out by Maya Overseas' Rome office, Liotto said that there is no way that Maya Overseas could have exported military goods from Italy under an Italian export license because Maya Overseas is not on the Ministry of Foreign Affairs' list of approved arms exporters. Under Italian Law 185, which governs arms exports, companies must apply to be included on a list of approved arms brokers before they can apply for Italian arms export licenses.

[1](#)3. (S) On the issue of whether Maya Overseas could have exported helicopter parts to Iran without a license, Liotto replied that the GOI "is fully compliant with UN Security Council Resolutions, EU export control regulations, and Italian regulations." According to Liotto Italy enforces an embargo on arms exports to Iran and on the export of "very sensitive" dual-use items, such as those included in the Annexes to the Nuclear Suppliers Group agreement. Liotto was unequivocal in stating that only non-sensitive dual-use goods could be exported from Italy to Iran. He also pointed out that Ref A non-paper does not specify that the helicopter parts were exported from Italy, and speculated that Maya Overseas acted as a broker for a helicopter parts manufacturer in a third country.

[1](#)4. (S) Comment. This is the fourth time we have demarched Liotto on an export control issue in the past month, and he was in a defensive mood. While it is likely GOI authorities are doing the best they can to effectively administer Italian export control regulations, it is equally likely that gaps exist in the Italian system exist. Over the past three years, Post has repeatedly recommended a resumption of the biennial U.S.-Italy Export controls consultations, last held in 2004. Liotto agreed that a renewed dialogue between U.S. and Italian export control experts would be useful, but expressed concern that a trip by U.S. experts to Italy might

be seen as a sign the USG lacks confidence in the Italian export control system. Liotto is right -- we lack confidence in the Italian system, and for that reason Post again recommends a resumption of the export control consultations. Italy is one of Iran's biggest trading partners within the EU and is a major manufacturer of sensitive goods and technologies. Now more than ever, we need to do what we can to encourage the Italians to tighten their export controls. End comment.
SPOGLI